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F 10364

COUNTRY: India

CIA

SUBJECT: Balance of Payment Position Improves
Despite Export Decline

DATE

DATE ACQUIRED: 25X1X6

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INFORMATION: Oct 53 and earlier

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1. "As will be seen from the following table, the total volume of India's foreign trade continues to shrink and the earlier trend of surpluses has now given way to deficits:

[in million of Rs]	1st half of 1953	2nd half of 1952	1st half of 1952
Imports	2913	2952	4474
Exports	2514	3138	3353
Trade Balance	- 399	+ 186	- 1121
Balance of Payments	+ 5	+ 635	- 618
* Imports Index: Quality	67	69	107
Values	121	126	146
*Exports Index: Quality	87	98	87
Values	106	114	143
Net Terms of Trade	88	91	98

* Basic Year: 1948-49

2. "Compared with the achievements of 1952, the heavy fall in exports during the first half of 1953 was due to a decline both in prices and quantities. The commodities particularly affected were tea, jute manufacturers and cotton textiles.

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3. "The overall quantum of imports has been declining since mid-1952 and touched a record low in the first quarter of 1953; since then imports have picked up. Although a considerable fall in imports can be attributed to reduced imports of foodgrains by Government, commercial imports have also declined in no small measure. A significant feature of the foreign trade pattern is that in place of huge deficits anticipated in the Five-Year Plan, the country is actually enjoying a comfortable balance of payments position. India's foreign balances have continued to accumulate and the sterling balance released made by the UK have not been fully utilized. This phenomenon is attributed to the substantial improvement in the country's food position, and to the fact that development expenditure, particularly in the private sector of the Plan, has lagged behind the schedule. It is expected that with the contemplated increase in the tempo of development, the country's imports may also rise in coming years.
4. "It is reported that the Government of India have placed orders for 400 locomotives at a cost of Rs 150 million with Germany, Japan and Austria. Germany will be the largest supplier, while Japan will supply about 100 engines. In addition to this order, about 350 more locomotives are expected to be bought or acquired through foreign aid during the remaining period of the Five-Year Plan, i.e. up to 31st March 1956."

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July.

Area

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